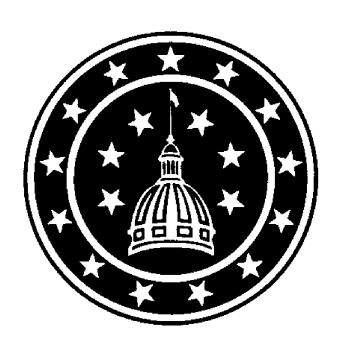
ANNUAL REPORT OF THE PUBLIC FINANCE STUDY COMMISSION



Indiana Legislative Services Agency 200 W. Washington Street, Suite 301 Indianapolis, Indiana 46204

November, 1998

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1998

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PUBLIC FINANCE STUDY COMMISSION

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Staff

James Jett Attorney for the Commission

Beverly Holloway Fiscal Analyst for the Commission

I. STATUTORY DIRECTIVE

The Indiana General Assembly enacted legislation (P.L. 40-1995) directing the Commission to do the following:

- (1) Review and evaluate relevant public investment statutes.
- (2) Recommend clarification of definitions with respect to statutes concerning public securities.
- (3) Recommend whether a cap is needed for long term investments by the Treasurer of State, and if so, the level of the cap.
- (4) Recommend clarification of public investment statutes.
- (5) Investigate investment options for local units of government.
- (6) Before November 15 of each year the Commission meets, prepare and submit a report of the Commission's findings and recommendations to the Governor and the Legislative Council.
- (7) Review and make recommendations concerning other relevant issues as decided on by the Commission.

II. INTRODUCTION AND REASONS FOR STUDY

Current Indiana law provides that the Commission is to review, evaluate and make recommendations related to several areas of public finance, including the authority of the Treasurer of State under Section 6 of P.L. 40-1995. At the request of the Treasurer of State, SB 591-1995 was introduced to grant permanent authority to the Treasurer of State to invest securities with a maturity of more than two years and less than five years. HEA 1071-1995 temporarily gave the Treasurer of State the authority to make these investments. SEA 9-1997 changed the expiration date from 1997 to 2007 for the authority of the Treasurer of State to invest in securities with a maturity of between two and five years. SEA 9-1997 reduced the maximum percentage of state investments that may be invested in securities with maturities between two and five years from 25% of total funds invested in a given year to 25% of the total invested portfolio.

State and local public investment laws were amended as a result of SEA 9-1997.

III. SUMMARY OF WORK PROGRAM

The Commission did not meet during the 1998 interim.

IV. SUMMARY OF TESTIMONY

The Commission did not meet in order to hear public testimony.

V. COMMITTEE FINDINGS AND RECOMMENDATIONS

The Commission made no findings of fact or recommendations.

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at http://www.state.in.us/legislative/.